DIGITAL WORKFORCE

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INDERES CORPORATE CUSTOMER

COMPANY REPORT

Momentum should pick up as the year progresses

We reiterate our Accumulate recommendation for the share and lower our target price to EUR 4.1 (was 4.70) reflecting estimate revisions. Digital Workforce's Q1 was weaker than expected in terms of revenue and profitability. The company responded by reorganizing and implementing cost-saving measures. The company has secured some good orders at the start of the year. The company also commented that the sales pipeline remains good and its quality has improved. We lowered our forecasts but expect the company to grow well ahead of the IT services market in the coming years and to scale this growth to profitability. The stock's valuation picture (2025e EV/ 0.9x, sum of parts EUR 4.8) supports our positive view on the stock.

Revenue and especially result missed expectations in Q1

Digital Workforce's revenue decreased by 4% to 6.5 MEUR in Q1 and was relatively clearly below our expectations. By business lines, the revenue of Continuous Services increased by 12% to 4.5 MEUR (forecast: 4.8 MEUR), while Professional Services decreased by 27% to 2.0 MEUR (forecast: 2.7 MEUR) during Q1. As a result, both business segments fell short of the forecast, but the more valuable Continuous Services fell short to a lesser extent.

Digital Workforce's adjusted EBITDA was -0.3 MEUR, which was lower than our estimate of 0.5 MEUR. Adjusted EBITDA included one-off charges of 0.9 MEUR related to restructuring. The company responded to the weak performance by significantly reforming and simplifying its organization to sustain its investments in the fast-growing healthcare business and AI agent solutions. In addition, the company implemented significant cost-saving measures, which will partially impact operations from Q2 onwards, as the company is also investing.

Rest of year should be better

The company announced on Friday a major large multi-year contract that will support its growth. In addition, the company has several major delivery projects underway, particularly in the healthcare sector. Furthermore, several major new sales projects were delayed during Q1 due to changes in customer schedules. The company also made important gains at the end of Q1. Taken together, we believe that activity should partially pick up in Q2 and more strongly in H2.

Company set to return to profitable growth path

Digital Workforce expects higher revenue and improved adjusted EBITDA year-on-year in 2025. After a weaker-than-expected Q1, the turnaround in profitability will have to take place to some extent already in Q2. However, this will be supported by the good order book mentioned above. We forecast the company's revenue to grow by 7% and adjusted EBITDA to increase to 1.5 MEUR year-on-year, or to 5% of revenue in 2025 (2024: 1.0 MEUR). In the following years, we expect continued strong growth of ~13% per year, with EBITDA-% scaling up with growth to 12% in 2027. The company has losses of 13 MEUR from previous financial years, which means that it will probably not have to pay taxes for many years to come.

Valuation picture is attractive

In terms of investment profile, Digital Workforce is still a turnaround company whose turnaround in profitable growth progressed well last year, which has reduced the risk level of the stock. With weak profitability, the current year's earnings multiples do not support the valuation, but the low EV/L of 0.9x still illustrates the potential. Next year's profitability estimates are only partially scaled, making the valuation picture (2026e EV/EBIT 10x, P/E 15x) already attractive. What's more, based on the sum of the parts (EUR 4.8) and the DCF calculation (EUR 5.1), we estimate that the fair value range of Digital Workforce's share is EUR 3.8-5.1 per share.

Recommendation
Accumulate
(was Accumulate)

Target price:
EUR 4.10
(was EUR 4.70)

Share price:
EUR 3.44

Business risk

●●●○○

Valuation risk

●●●○○

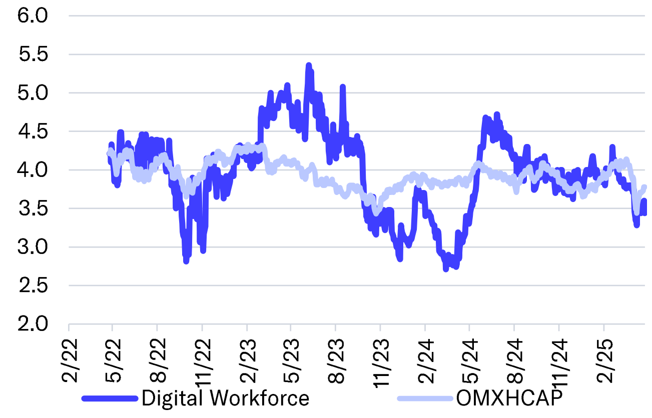
	2024	2025e	2026e	2027e
Revenue	27.3	29.3	33.1	37.4
growth-%	9%	7%	13%	13%
EBIT adj.	0.8	1.1	2.5	4.2
EBIT-% adj.	2.9 %	3.6 %	7.5 %	11.2 %
Net Income	0.6	0.1	2.4	4.1
EPS (adj.)	0.09	0.11	0.23	0.38
P/E (adj.)	43.2	32.7	14.9	9.0
P/B	3.1	2.8	2.5	2.1
Dividend yield-%	2.2 %	1.7 %	2.6 %	4.3 %
EV/EBIT (adj.)	42.2	25.9	10.4	5.5
EV/EBITDA	51.9	67.3	10.0	5.3
EV/S	1.22	0.94	0.78	0.61

Source: Inderes

Guidance (Unchanged)

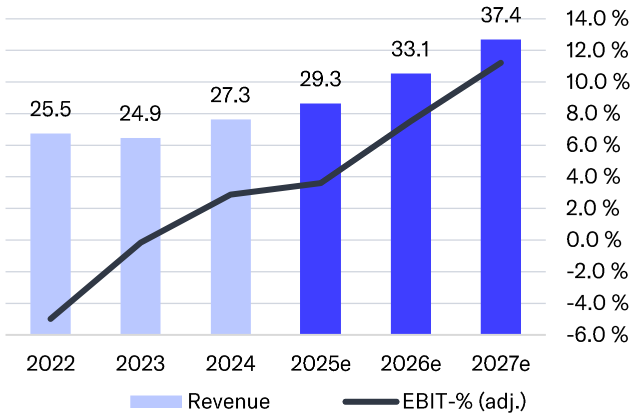
Digital Workforce expects revenue and adjusted EBITDA to grow in 2025.

Share price



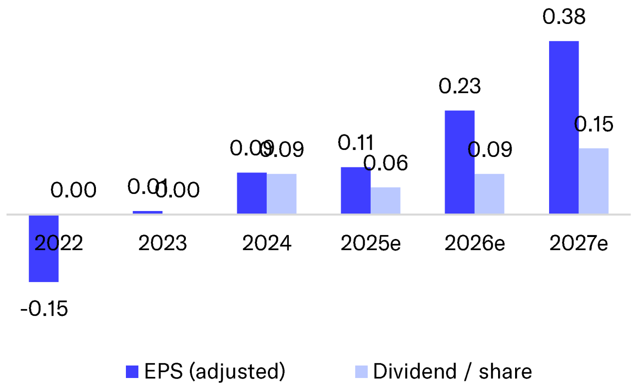
Source: Millistream Market Data AB

Revenue and EBIT-% (adj.)



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Success in new markets (US, UK and Ireland) and accelerating growth
- The Outsmart platform should strengthen the competitive advantage, accelerate growth and improve scalability
- Increasing the revenue share of Continuous services with better margins drives earnings growth and makes the investor profile more attractive
- Improving scalability
- Acquisitions

Risk factors

- Dependence on large customers
- Developing large RPA technologies and their expansion to maintenance
- Success of the growth strategy especially in the US
- Successful commercialization of the Outsmart platform
- Productivity of investments
- RPA expertise becoming bulk work and increasing in-house teams for clients.
- Acquisitions

Valuation	2025e	2026e	2027e
Share price	3.44	3.44	3.44
Number of shares, millions	11.3	11.3	11.3
Market cap	39	39	39
EV	27	26	23
P/E (adj.)	32.7	14.9	9.0
P/E	>100	16.2	9.4
P/FCF	>100	18.3	10.1
P/B	2.8	2.5	2.1
P/S	1.3	1.2	1.0
EV/Sales	0.9	0.8	0.6
EV/EBITDA	67.3	10.0	5.3
EV/EBIT (adj.)	25.9	10.4	5.5
Payout ratio (%)	494.5 %	42.3 %	40.0 %
Dividend yield-%	1.7 %	2.6 %	4.3 %

Source: Inderes

Q1 was weak, but corrective actions and new orders already providing support in Q2

Q1 revenue misses expectations, but comments point to improvement

Digital Workforce's revenue decreased by 4% to 6.5 MEUR in Q1 and was relatively clearly below our expectations. By business lines, the revenue of Continuous Services increased by 12% to 4.5 MEUR (forecast: 4.8 MEUR), while Professional Services decreased by 27% to 2.0 MEUR (forecast: 2.7 MEUR) during Q1. As a result, both business segments fell short of the forecast, but the more valuable Continuous Services fell short to a lesser extent. The number of employees decreased further by 4 to 171 in the quarter. The company announced on Friday a major large multi-year contract, an outsourcing of sorts, that will support its growth. With the agreement, the company will take on 6 employees and add 4 more to the account, so the customer is expected to be relatively significant. In addition, the company has several major delivery projects underway, particularly in the healthcare sector. The slower progress of deliveries and the timing of invoicing affected revenue and profitability.

Furthermore, several major new sales projects were delayed during Q1 due to changes in customer schedules. The company also made important gains at the end of Q1.

Geographically, the company commented that the rapid change in the operating environment in North America influenced the decision to proceed with a degree of caution in the market, which in our view is natural. However, the company seems to have its hands full, especially in Finland.

Result fell short of expectations and efficiency gains were made in response

Digital Workforce's adjusted EBITDA was -0.3 MEUR, which was lower than our estimate of 0.5 MEUR. Adjusted EBITDA included one-off charges of 0.9 MEUR related to restructuring. Adjusted EBITDA-% was -5%, lower than in the previous quarters and below our forecasts. The reported EBITDA was therefore -1.2 MEUR. However, the company responded to the weak performance by significantly reforming and simplifying its organization to sustain its investments in the fast-growing healthcare business and AI agent solutions. In addition, the company implemented significant cost-saving measures, which will partially impact operations from Q2 onwards, as the company is also investing. Other, non-operating expense lines did not appear to have any surprises (the company only reported a condensed income statement in Q1).

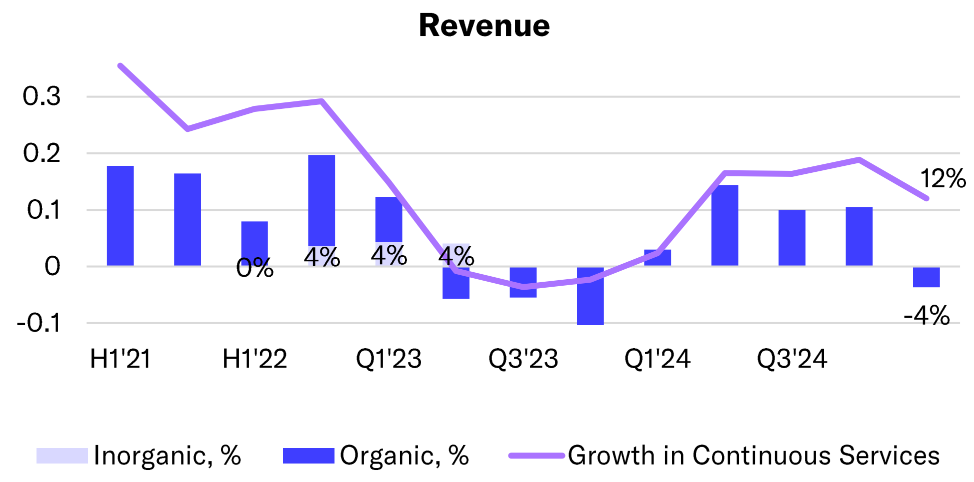
Strategy and financial targets were refined in December

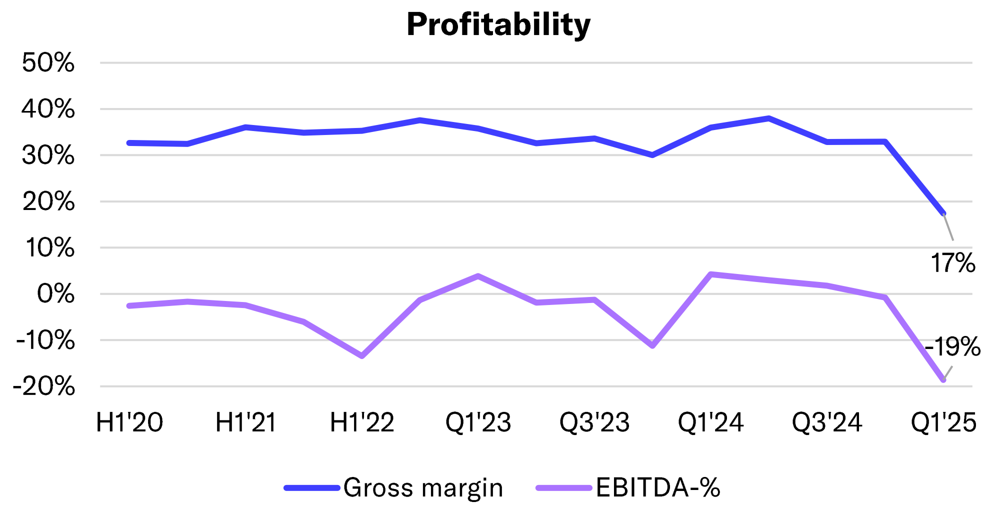
In December, Digital Workforce made minor refinements to its strategy, and our full comments on this can be found here. In terms of financial targets, the growth target was further refined, and the company continues to aim for a revenue of 50 MEUR. Of this, 40 MEUR is to be achieved organically and 10 MEUR through acquisitions by 2026 In terms of profitability, the targets were increased, and the target is now an adjusted EBITDA of over 15% by the end of 2026 (previously over 10%). Overall, we believe the targets are ambitious but achievable with continuous good performance.

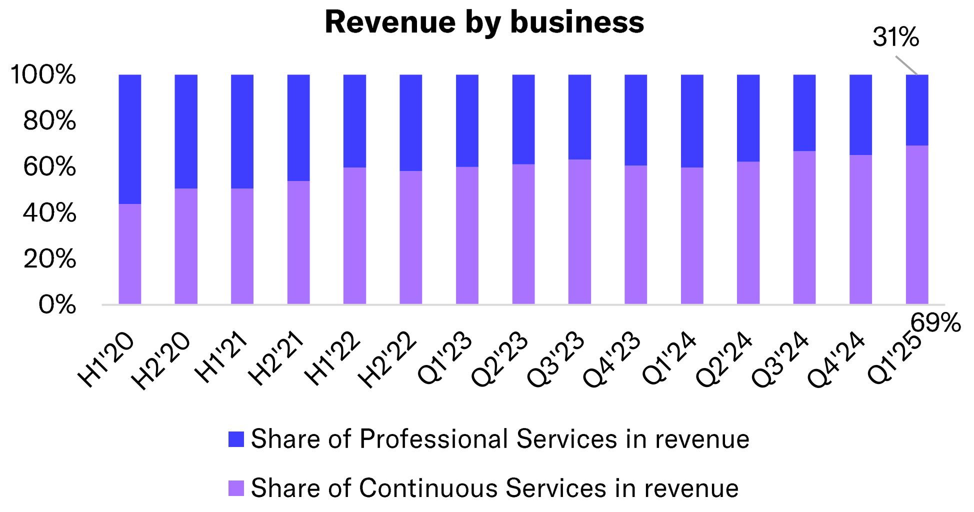
Estimates	Q1'24	Q1'25	Q1'25e	Q1'25e	Consensus		Difference (%)	2025e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	6.7	6.5	7.5				-14%	29.3
EBITDA (adj.)	0.28	-0.32	0.47					29.3
EBITDA	0.28	-1.20	0.47					0.4
EBIT	0.19	-1.29	0.42					0.0
EPS (reported)	0.02	-0.12	0.05					0.01
Revenue growth-%	3.0 %	-3.8 %	11.9 %				-15.7 pp	7.4 %
EBITDA-% (adj.)	4.2 %	-5.0 %	6.3 %				-11.2 pp	1.4 %

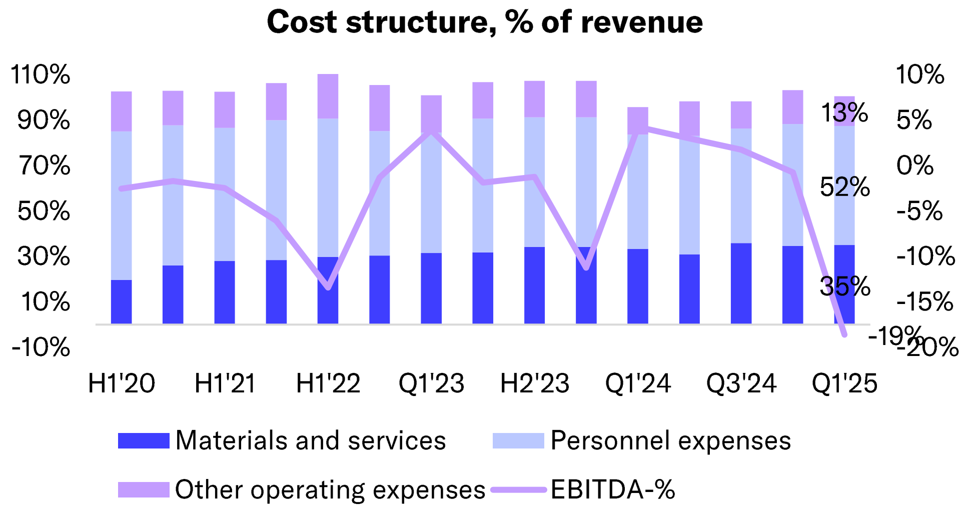
Source: Inderes

Digital Workforce's key figures

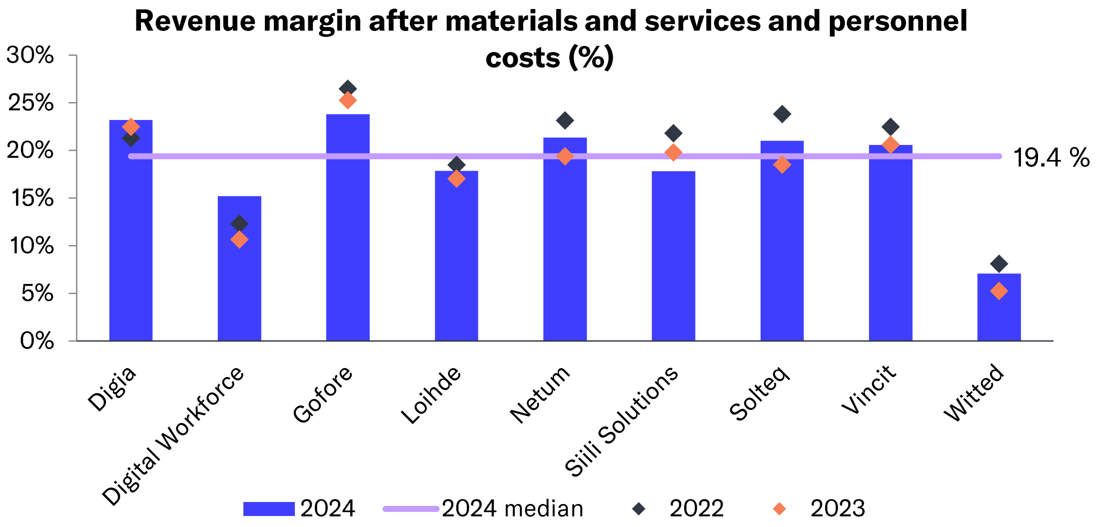


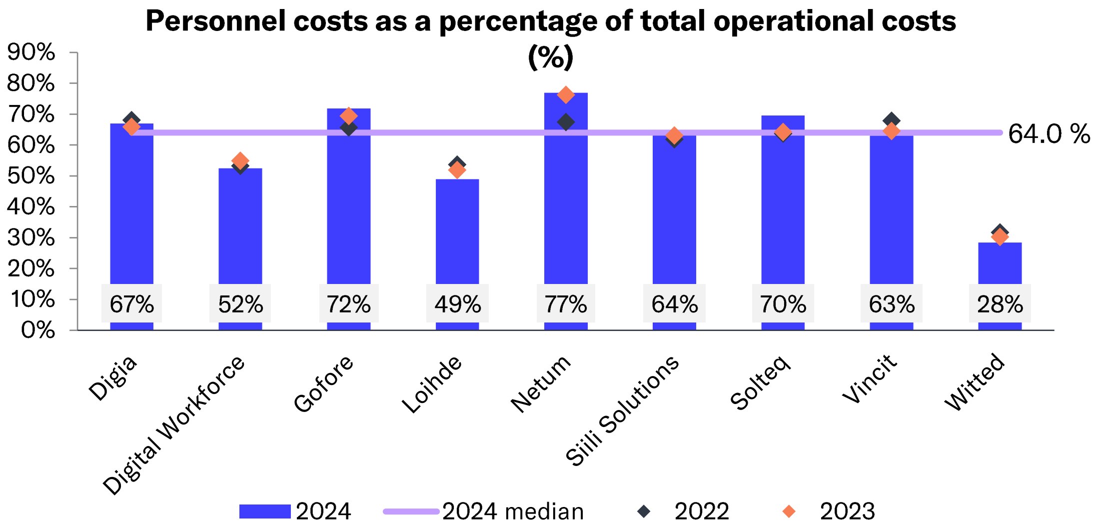


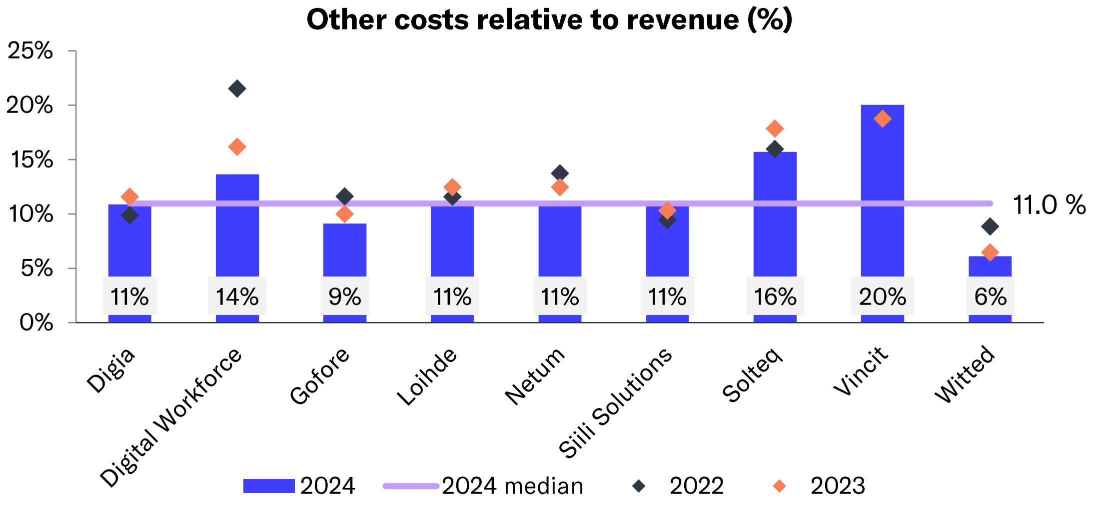


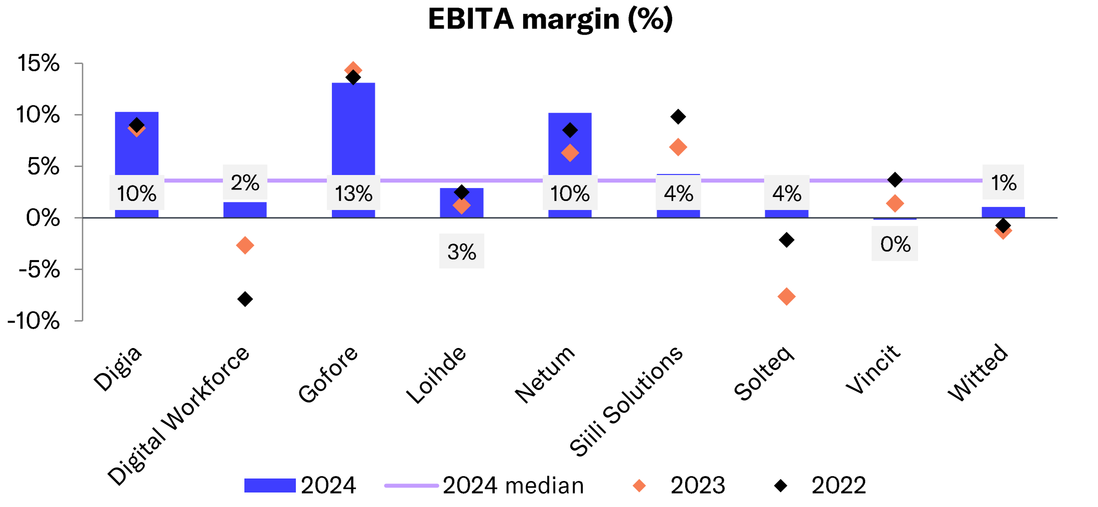


Relevant reported indicators for the sector 1/2





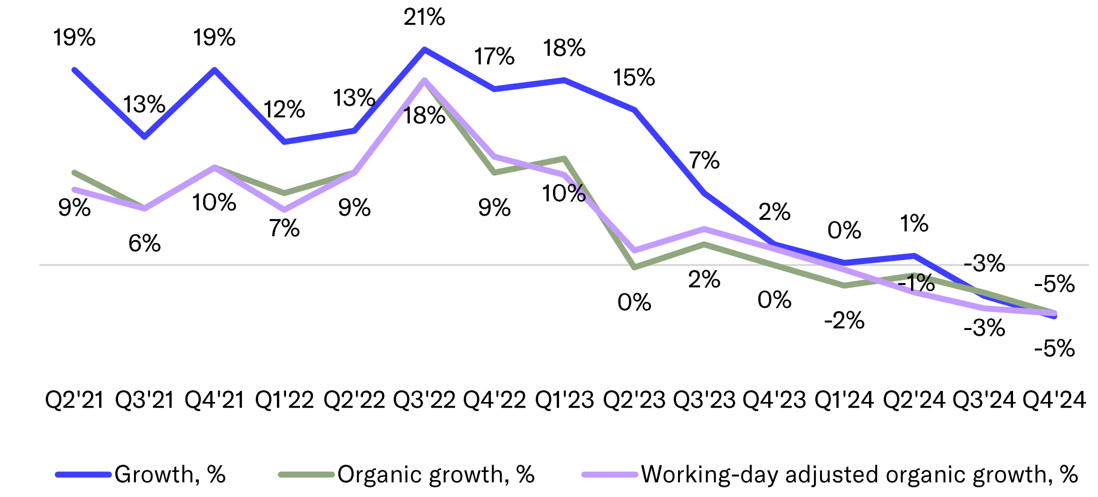




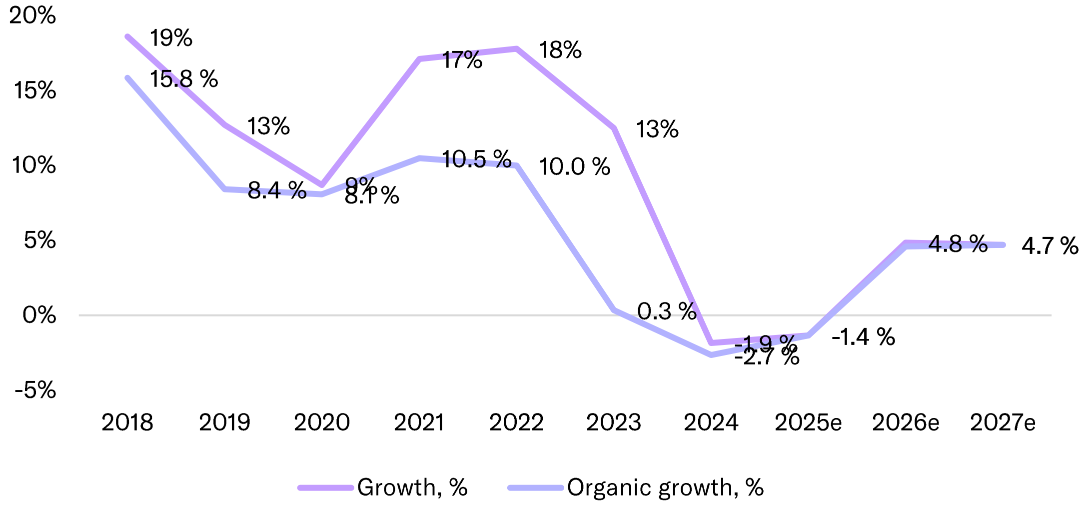
Source: Inderes and the companies

Relevant reported indicators for the sector 2/2

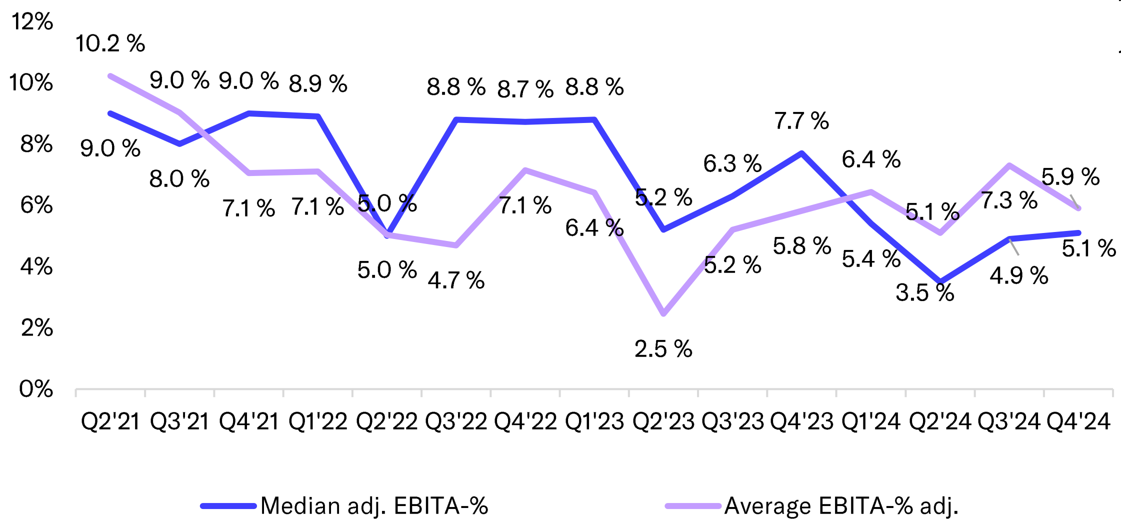
Listed IT services sector in Finland, revenue



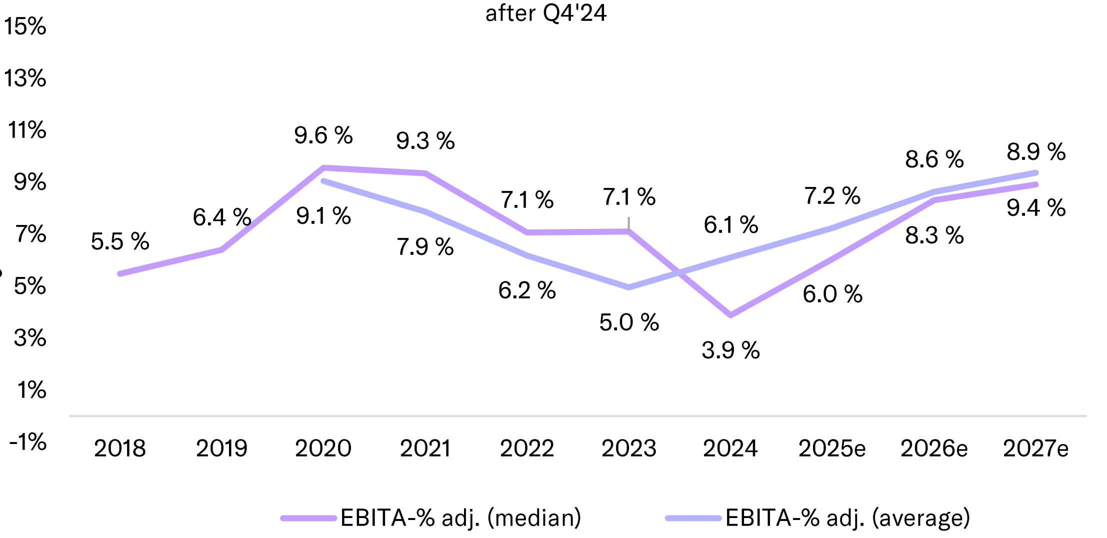
Listed IT services sector in Finland, revenue
after Q4'24



Listed IT services sector in Finland, profitability



Listed IT services sector in Finland, profitability
after Q4'24



Source: Inderes

We cut estimates quite sharply

Estimate revisions

- With a weaker-than-expected Q1 and market uncertainty, we cut our estimates quite sharply.

Estimates 2025-2026

- In 2025, we forecast the company's revenue to grow by 7%, driven by revenue from Continuous Services. In our estimation, revenue growth is already better scaled to the result. As a result, we expect the adjusted EBITDA margin to reach 5% in 2025 (2024: 2%).
- By 2026, we expect the company's revenue to grow organically to 33 MEUR (13% y/y growth) and to be well below the target level of 40 MEUR. In addition, the company is targeting inorganic revenue growth of 10 MEUR by 2026. Digital Workforce had liquid assets of 13 MEUR at the end of Q4. Thus, the balance sheet also gives leeway for inorganic growth. Naturally, we do not yet include acquisitions in our estimates. We forecast EBITDA-% to reach 8% by 2026 with the growth and scaling of Continuous Services (target above 15%). Our understanding is that the company is currently prioritizing profitability over growth, so we do not expect the company to overinvest, even if the growth outlook remains good.

Operational earnings drivers:

Revenue

+ Growth in Continuous Services through new customer acquisition and increased usage by existing customers (scalability)

+ Growth in Professional Services (market pressure in the short term)

+ Subcontracting increases business flexibility

+ Success of Outsmart platform growth is critical to realizing long-term potential

Profitability

+ Greater scalability (in multiple cost lines)

+ Better management of the licensing portfolio that streamlines the cost structure of materials and services

– Wage inflation

– Sales and marketing investments

– Recruitment in the expensive US and UK markets and as seniority increases

Estimate revisions MEUR / EUR	2025e Old	2025e New	Change %	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %
Revenue	31.2	29.3	-6%	35.6	33.1	-7%	40.5	37.4	-8%
EBITDA	2.3	0.4	-82%	4.1	2.6	-37%	5.6	4.3	-23%
EBIT (exc. NRIs)	2.1	1.1	-49%	4.0	2.5	-38%	5.5	4.2	-23%
EBIT	1.9	0.0	-100%	3.8	2.3	-40%	5.3	4.0	-24%
PTP	2.4	0.1	-94%	4.0	2.4	-39%	5.4	4.1	-24%
EPS (excl. NRIs)	0.23	0.11	-53%	0.37	0.23	-37%	0.50	0.38	-23%
DPS	0.06	0.06	0%	0.09	0.09	0%	0.00	0.00	

Source: Inderes

Investment profile

1. Attractive growth market, where first evidence of growth has been provided. Good outlook also in Finland.
2. Improved focus on competitive advantages in selected industries (esp. healthcare).
3. Scalable business model based on recurring invoicing.
4. Strong balance sheet and negative net working capital.
5. Investment profile of a turnaround company, but potentially a hybrid product and service company.

Potential

- Strong demand outlook on the market
- Success in new markets (the US, the UK and Ireland)
- Strengthening competitive advantage with the Outsmart platform
- Improving scalability
- Further improvement in continuity
- Acquisitions
- Multi-technology model

Risks

- Success of the growth strategy, especially in the US
- Maintaining and developing the competitiveness of the Outsmart platform
- Developing large RPA technologies and their expansion to maintenance
- Reacting to market and technological changes
- Development of the employee image and success in recruitment
- Wage inflation and managing attrition
- Acquisitions

Valuation 1/2

In terms of investment profile, Digital Workforce is something of a turnaround company whose turnaround in profitable growth progressed well in 2024. However, Q1'25 was a clear break in the trend and the company now needs to demonstrate a return to a profitable growth path. The company's investment story is particularly attractive in the longer term, given its growth and profitability potential. In the short term, further evidence of continued growth and its scalability to profitability is still needed. In its history, the company already has a strong track record of growth in the Nordic countries and preliminary proof of growth in growth markets.

We continue to examine the company's valuation through the EV/S ratio, DCF model, peer analysis and sum of the parts calculation. The earnings-based multiples will support the valuation next year. The relatively large losses in the past will provide a tax advantage for several more years, which will improve P/E ratios.

Valuation multiples

With Digital Workforce's weak profitability, the current year's earnings multiples do not support the valuation, while the low EV/L of 0.9x still illustrates the potential. Next year's profitability estimates are only partially scaled (EBITDA: 8%), making the valuation picture (2026e EV/EBIT 10x, P/E 15x) already attractive.

Peer group

No clear peer group that operates with a similar business model is available for Digital Workforce as compared to expert companies, the company has significantly more recurring business with better margins. We estimate that just under half of its continuous revenue comes from lower-margin third-party licensing income. This still limits the acceptable level of valuation from an EV/Sales perspective. However, the share of third-party licensing income in the group's total revenue is declining. Due to the recognition policy of license income, even some 30% lower revenue-based multiples can be accepted for the company.

Compared to Nordic product companies and software companies, Digital Workforce's margin profile is lower than for companies in a mature stage.

In the future, we will apply the EV/S multiple mainly for the sum of parts calculation. The median EV/S multiples of the peer group for 2025-2026 are around ~0.9x. The corresponding multiples for IT service companies are 0.7x and >3.0x for software companies.

As a valuation floor, we have used the median for IT services companies, which is again relevant as the turnaround progresses. In our view, Digital Workforce deserves a top-tier multiple (above 1.5x) for IT services companies, provided the company's growth accelerates back towards its 25% target and its profitability turnaround makes good progress. However, we do not see any justification for examining the company's valuation relative to software companies. Nevertheless, we include software companies, because if the company reaches its potential, these will also provide support points for the valuation.

Valuation	2025e	2026e	2027e
Share price	3.44	3.44	3.44
Number of shares, millions	11.3	11.3	11.3
Market cap	39	39	39
EV	27	26	23
P/E (adj.)	32.7	14.9	9.0
P/E	>100	16.2	9.4
P/FCF	>100	18.3	10.1
P/B	2.8	2.5	2.1
P/S	1.3	1.2	1.0
EV/Sales	0.9	0.8	0.6
EV/EBITDA	67.3	10.0	5.3
EV/EBIT (adj.)	25.9	10.4	5.5
Payout ratio (%)	494.5 %	42.3 %	40.0 %
Dividend yield-%	1.7 %	2.6 %	4.3 %

Source: Inderes

Valuation 2/2

Sum of the parts

We also examine Digital Workforce's valuation through a sum-of-the-parts calculation due to the different business profiles. The usefulness of the calculation is, however, limited by the fact that the businesses cannot and will not be separated. The calculation is still a good valuation method among others.

We apply the lower end of the EV/S range 0.5x of IT service companies for professional services. The low ratio reflects the weaker growth and profitability profile of professional services. For Continuous Services, however, we apply a 1.9x valuation peak for IT services companies. In the bigger picture, valuation levels in the IT services sector have come down sharply over the past two years. If the profitability potential of the business begins to materialize, a higher valuation level can be accepted for recurring revenue.

Using Digital Workforce's 2025 revenue and the above multiples, the total debt-free value is 43 MEUR. With a strong net cash position, the market capitalization is 54 MEUR or EUR 4.8 per share. The sum of the parts shows a clear upside also compared to our target price. Based on the actualized forecasts for 2024 and the corresponding multiples, the market value is 50 MEUR or EUR 4.5 per share. Using the average of the actualized figures and the forecast for 2025, the value per share comes to EUR 4.7.

Cash flow model (DCF)

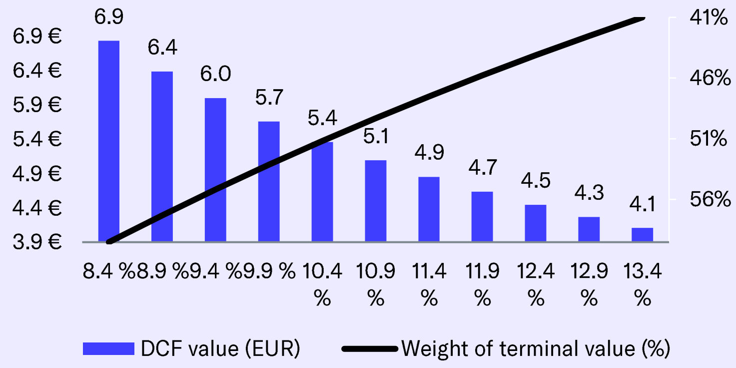
We have set the growth expectation for the terminal period (2034-) to 2.0% and the EBIT margin (2034-) to 11%, which reflects the better profitability than for the IT service sector.

However, we point out that our long-term growth and profitability estimates still involve uncertainty, which in part limits the usefulness of the model. The weight of terminal cash flows (50%) is more modest with the profitability turn.

The per share value of our cash flow calculation for Digital Workforce is EUR 5.1, which indicates a very clear upside for the share. As overall market uncertainty increased, we raised the WACC to 10.9% (previously 10.5%). The required return is raised by the company's small size and uncertainty related to growth and profitability. If Digital Workforce shows that its profitable growth strategy is moving in the right direction in the coming years, there is a downside in the required return as the company's risk profile decreases. As the growth strategy is still in its early stages and the profitability as well as scalability potential remain to be proven, we are not prepared to rely solely on the DCF as of yet. However, the DCF reflects the attractive potential of the share.

Sum of the parts	2024	2025e
Professional Services revenue	10.0	9.3
Continuous Services revenue	17.3	20.0
Valuation, EV/S	**2024**	**2025e**
Professional Services, 0.5x	5.0	4.7
Continuous services, 1.9x	32.8	37.9
EV	**37.8**	**42.6**
Net cash	12.2	11.4
Market cap	50.0	54.0
per share	**4.5**	**4.8**

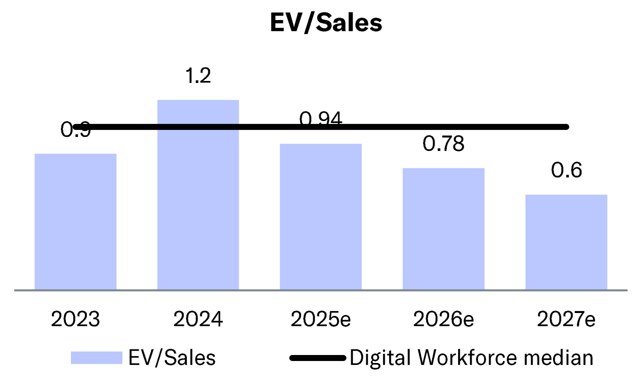
Sensitivity of DCF to changes in the WACC-%

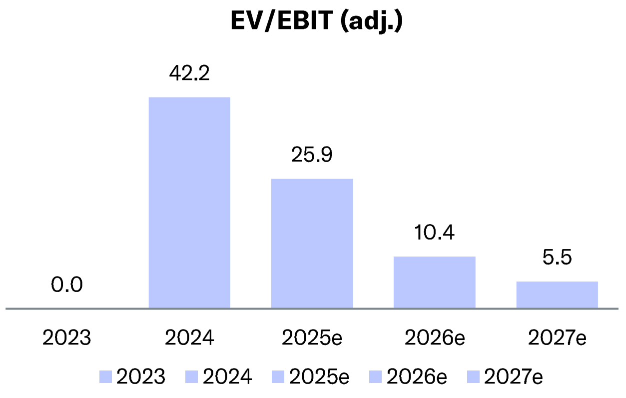


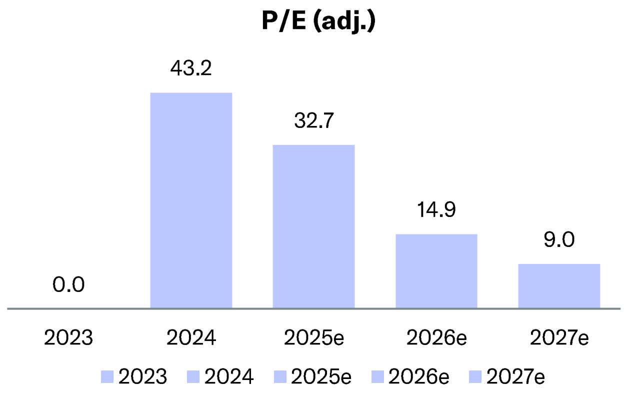
Valuation table

Valuation	2023	2024	2025e	2026e	2027e	2028e	2029e
Share price	3.02	4.02	**3.44**	**3.44**	**3.44**	**3.44**	**3.44**
Number of shares, millions	11.3	11.3	**11.3**	**11.3**	**11.3**	**11.3**	**11.3**
Market cap	34	45	**39**	**39**	**39**	**39**	**39**
EV	22	33	**27**	**26**	**23**	**19**	**16**
P/E (adj.)	>100	43.2	**32.7**	**14.9**	**9.0**	**6.8**	**7.6**
P/E	neg.	76.9	**>100**	**16.2**	**9.4**	**7.1**	**7.6**
P/FCF	neg.	>100	**>100**	**18.3**	**10.1**	**7.4**	**8.0**
P/B	2.3	3.1	**2.8**	**2.5**	**2.1**	**1.7**	**1.5**
P/S	1.4	1.7	**1.3**	**1.2**	**1.0**	**0.9**	**0.8**
EV/Sales	0.9	1.2	**0.94**	**0.78**	**0.6**	**0.5**	**0.3**
EV/EBITDA	neg.	51.9	**67.3**	**10.0**	**5.3**	**3.3**	**2.5**
EV/EBIT (adj.)	neg.	42.2	**25.9**	**10.4**	**5.5**	**3.5**	**2.7**
Payout ratio (%)	0.0 %	172.1 %	**494.5 %**	**42.3 %**	**40.0 %**	**40.0 %**	**50.0 %**
Dividend yield-%	0.0 %	2.2 %	**1.7 %**	**2.6 %**	**4.3 %**	**5.7 %**	**6.5 %**

Source: Inderes







The market value and enterprise value in the table take into account the projected change in the number of shares and net debt for the forecast years.

Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT 2025e	 2026e	EV/EBITDA 2025e	 2026e	EV/S 2025e	 2026e	P/E 2025e	 2026e	Dividend yield-% 2025e	 2026e	P/B 2025e
Admicom*	256	246	20.8	17.7	20.6	16.9	6.4	5.7	26.5	23.1	1.3	1.5	6.7
Leaddesk*	37	46	14.5	11.3	6.6	5.4	1.2	1.0	19.6	14.4			2.4
Qt Group*	1449	1330	18.2	13.8	17.3	13.4	5.9	4.9	25.0	19.8			4.9
Lime Technologies AB	456	475	32.7	26.7	22.3	19.1	6.8	5.9	42.0	33.3	1.2	1.5	13.1
Upsales Technology AB	50	46	16.8	14.4	12.0	10.7	3.0	2.5	21.8	19.2	4.6	4.6	21.8
Carasent	157	137	100.4	31.3	19.9	14.1	4.4	3.9	113.8	41.4			2.0
FormPipe Software AB	127	125	17.2	12.0	9.0	7.3	2.4	2.2	22.5	15.1	2.3	3.1	2.7
Digia*	167	166	7.5	6.3	6.3	5.5	0.8	0.7	9.9	8.8	3.1	3.4	1.6
Gofore*	285	237	9.7	8.6	8.3	7.4	1.3	1.2	14.0	13.4	2.8	2.9	2.3
Loihde*	70	76	14.1	10.7	6.5	5.2	0.5	0.5	19.3	13.0	4.8	5.9	0.9
Innofactor*	61	66	11.7	9.4	7.6	6.4	0.8	0.7	14.5	11.9	5.3	5.9	2.1
Netum Group*	26	30	8.3	6.7	7.9	6.5	0.7	0.7	14.2	10.6	5.8	6.8	2.8
Siili Solutions*	52	48	7.8	6.1	5.3	4.0	0.4	0.4	11.3	9.2	3.2	3.6	1.1
Solteq*	13	33	13.4	9.4	7.6	6.4	0.7	0.6		25.3			0.8
Tietoevry*	1897	2669	11.2	9.8	10.5	8.6	1.4	1.4	12.4	10.3	8.1	8.3	1.7
Vincit*	28	20	7.5	4.9	8.5	4.2	0.3	0.2	14.1	8.9	7.3	7.9	1.1
Witted Megacorp*	22	13	12.1	6.5	11.6	6.4	0.3	0.2	21.3	13.1	1.4	1.4	1.5
Bouvet	662	619	14.1	12.3	11.4	10.1	1.7	1.6	19.6	17.1	4.8	5.4	15.8
CombinedX	60	60	8.3	7.1	4.8	4.4	0.7	0.7	10.4	8.9			
Avensia AB	33	34	8.5	7.8	6.3	6.1	0.9	0.8	10.3	9.4	5.2		5.7
Knowit	363	419	17.7	12.7	7.8	6.8	0.7	0.7	23.2	13.3	2.3	3.7	0.9
Netcompany Group	1803	2100	16.4	13.9	12.4	10.8	2.2	2.1	20.0	15.7			3.4
Digital Workforce (Inderes)	**39**	**27**	**25.9**	**10.4**	**67.3**	**10.0**	**0.9**	**0.8**	**32.7**	**14.9**	**1.7**	**2.6**	**2.8**
Average			17.7	11.8	10.5	8.4	2.0	1.7	23.1	16.1	4.0	4.4	4.5
Median (all)			13.7	10.2	8.4	6.6	1.0	0.9	19.6	13.3	3.9	3.7	2.3
Diff-% to median			*n.a.*	*2%*	*n.a.*	*52%*	*-6%*	*-15%*	*n.a.*	*12%*	*n.a.*	*n.a.*	*21%*
Median (software companies)			17.7	14.1	14.7	12.0	3.7	3.2	23.7	19.5	2.3	3.1	3.8
Diff-% to median			*n.a.*	*-26%*	*n.a.*	*-17%*	*-75%*	*-75%*	*n.a.*	*-24%*	*n.a.*	*n.a.*	*-27%*
Mediaani (IT-palveluyhtiöt)			11.4	9.0	7.8	6.4	0.7	0.7	14.2	12.5	4.8	5.6	1.7
Diff-% to median			*n.a.*	*16%*	*n.a.*	*57%*	*30%*	*16%*	*n.a.*	*20%*	*n.a.*	*n.a.*	*62%*

Source: Refinitiv and *adjusted Inderes estimate/Inderes. Note: The market value uset by Inderes does not take into consideration treasury shares.

Income statement

Income statement	2022	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	**25.5**	**24.9**	**6.7**	**7.0**	**6.6**	**7.0**	**27.3**	**6.5**	**7.5**	**7.4**	**8.0**	**29.3**	**33.1**	**37.4**	**42.2**
Professional Services	10.5	9.7	2.7	2.6	2.2	2.5	10.0	2.0	2.5	2.2	2.6	9.3	9.5	9.8	10.2
Continuous Services	15.0	15.2	4.0	4.3	4.4	4.6	17.3	4.5	5.0	5.1	5.4	20.0	23.6	27.6	32.0
EBITDA	**-1.7**	**-0.6**	**0.3**	**0.2**	**0.1**	**0.0**	**0.6**	**-1.2**	**0.2**	**0.6**	**0.8**	**0.4**	**2.6**	**4.3**	**5.7**
Depreciation	-0.9	-0.2	-0.1	-0.1	-0.1	-0.1	-0.4	-0.1	-0.1	-0.1	-0.1	-0.4	-0.3	-0.4	-0.4
EBIT (excl. NRI)	**-1.3**	**0.0**	**0.2**	**0.2**	**0.1**	**0.3**	**0.8**	**-0.4**	**0.2**	**0.5**	**0.7**	**1.1**	**2.5**	**4.2**	**5.5**
EBIT	**-2.6**	**-0.8**	**0.2**	**0.1**	**0.0**	**-0.1**	**0.3**	**-1.3**	**0.1**	**0.5**	**0.7**	**0.0**	**2.3**	**4.0**	**5.3**
Net financial items	-0.4	0.1	0.0	0.0	0.1	0.2	0.3	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.2
PTP	**-3.0**	**-0.7**	**0.2**	**0.1**	**0.1**	**0.1**	**0.6**	**-1.3**	**0.2**	**0.5**	**0.7**	**0.1**	**2.4**	**4.1**	**5.5**
Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	**-3.0**	**-0.7**	**0.2**	**0.1**	**0.1**	**0.2**	**0.6**	**-1.3**	**0.2**	**0.5**	**0.7**	**0.1**	**2.4**	**4.1**	**5.5**
EPS (adj.)	**-0.15**	**0.01**	**0.02**	**0.01**	**0.02**	**0.04**	**0.09**	**-0.04**	**0.02**	**0.05**	**0.07**	**0.11**	**0.23**	**0.38**	**0.51**
EPS (rep.)	**-0.27**	**-0.06**	**0.02**	**0.01**	**0.01**	**0.01**	**0.05**	**-0.12**	**0.02**	**0.05**	**0.07**	**0.01**	**0.21**	**0.37**	**0.49**

Key figures	2022	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	13.9 %	-2.2 %	3.0 %	14.4 %	10.0 %	10.5 %	9.4 %	-3.7 %	7.4 %	12.3 %	13.5 %	7.4 %	12.9 %	13.0 %	12.9 %
EBITDA-%	-6.7 %	-2.6 %	4.2 %	3.0 %	2.1 %	0.1 %	2.3 %	-18.5 %	3.1 %	7.9 %	9.9 %	1.4 %	7.8 %	11.6 %	13.6 %
Adjusted EBIT-%	-5.0 %	-0.2 %	3.5 %	2.2 %	2.0 %	3.8 %	2.9 %	-6.1 %	2.5 %	7.2 %	9.2 %	3.6 %	7.5 %	11.2 %	13.1 %
Net earnings-%	-11.8 %	-2.8 %	2.7 %	2.0 %	1.5 %	2.4 %	2.2 %	-20.3 %	2.5 %	7.2 %	9.2 %	0.5 %	7.3 %	11.1 %	13.1 %

Source: Inderes

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	**2.1**	**2.3**	**2.3**	**2.4**	**2.5**
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	2.1	2.3	2.3	2.4	2.5
Tangible assets	0.0	0.0	0.0	0.0	0.0
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	**21.3**	**22.0**	**22.1**	**23.9**	**28.3**
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	8.1	9.1	9.7	10.9	12.3
Cash and equivalents	13.2	13.0	12.4	13.0	15.9
Balance sheet total	**23.4**	**24.3**	**24.3**	**26.3**	**30.8**

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	**14.7**	**14.9**	**14.0**	**15.7**	**18.8**
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	-13.3	-12.8	-13.7	-12.0	-8.9
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	28.0	27.6	27.6	27.6	27.6
Other equity	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	**0.8**	**0.6**	**1.0**	**0.0**	**0.0**
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	0.8	0.6	1.0	0.0	0.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
Current liabilities	**7.9**	**8.9**	**9.4**	**10.6**	**12.0**
Interest bearing debt	0.2	0.2	0.0	0.0	0.0
Payables	5.1	8.7	9.4	10.6	12.0
Other current liabilities	2.6	0.0	0.0	0.0	0.0
Balance sheet total	**23.4**	**24.3**	**24.3**	**26.3**	**30.8**

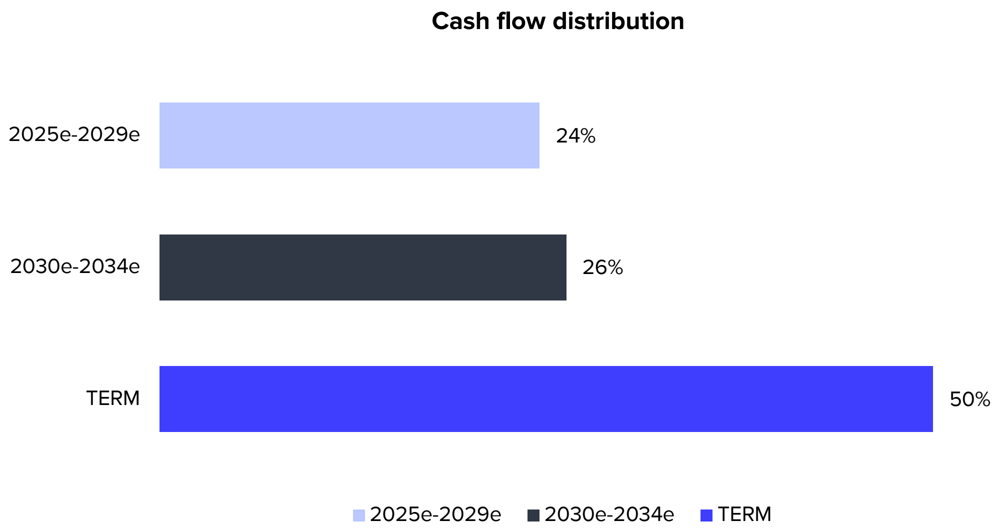
DCF-calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	9.4 %	7.4 %	12.9 %	13.0 %	12.9 %	12.0 %	8.0 %	7.0 %	7.0 %	7.0 %	1.8 %	1.8 %
EBIT-%	1.0 %	0.0 %	6.9 %	10.7 %	12.6 %	13.0 %	13.0 %	12.0 %	11.0 %	11.0 %	11.0 %	11.0 %
EBIT (operating profit)	**0.3**	**0.0**	**2.3**	**4.0**	**5.3**	**6.1**	**6.6**	**6.5**	**6.4**	**6.9**	**7.0**	
+ Depreciation	0.4	0.4	0.3	0.4	0.4	0.5	0.5	0.6	0.6	0.6	0.6	
- Paid taxes	0.0	0.0	0.0	0.0	0.0	-1.3	-1.4	-1.4	-1.3	-1.4	-1.5	
- Tax, financial expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	
- Change in working capital	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	
Operating cash flow	**0.7**	**0.4**	**2.5**	**4.3**	**5.7**	**5.3**	**5.8**	**5.8**	**5.7**	**6.0**	**6.1**	
+ Change in other long-term liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-0.6	-0.3	-0.4	-0.4	-0.5	-0.5	-0.5	-0.5	-0.6	-0.6	-0.5	
Free operating cash flow	**0.1**	**0.1**	**2.1**	**3.9**	**5.2**	**4.8**	**5.3**	**5.2**	**5.1**	**5.4**	**5.7**	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	0.1	0.1	2.1	3.9	5.2	4.8	5.3	5.2	5.1	5.4	5.7	63.0
Discounted FCFF		**0.1**	**1.8**	**2.9**	**3.6**	**3.0**	**2.9**	**2.6**	**2.3**	**2.2**	**2.1**	**23.0**
Sum of FCFF present value		46.5	46.4	44.6	41.7	38.1	35.2	32.2	29.6	27.3	25.1	23.0

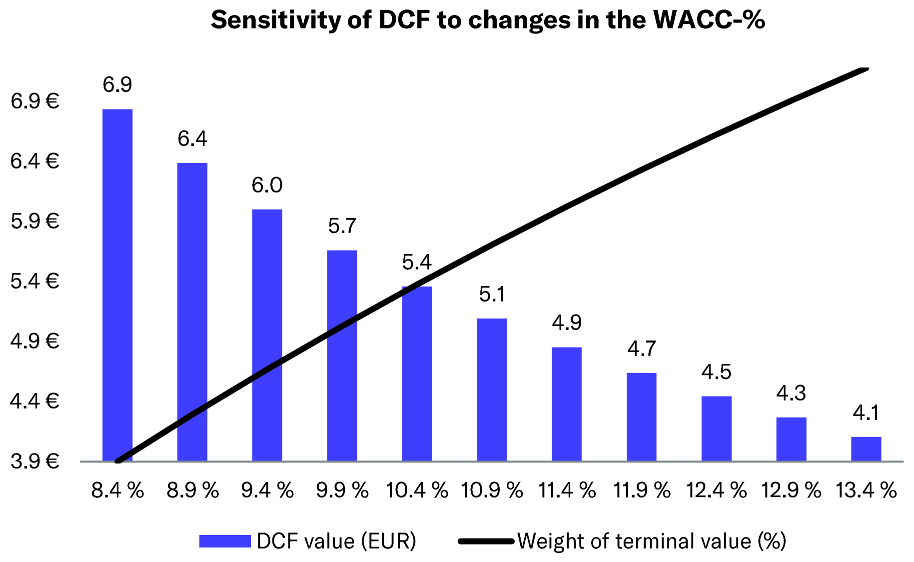
Enterprise value DCF	**46.5**
- Interest bearing debt	-0.8
+ Cash and cash equivalents	13.0
-Minorities	0.0
-Dividend/capital return	-1.0
Equity value DCF	**57.7**
Equity value DCF per share	**5.1**

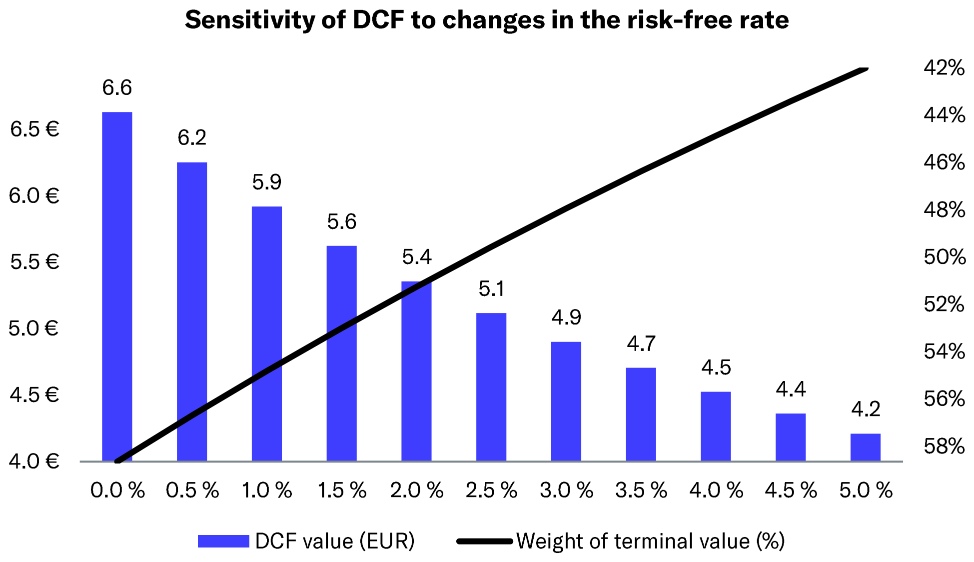
WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E)	10.0 %
Cost of debt	6.0 %
Equity Beta	1.50
Market risk premium	4.75%
Liquidity premium	2.00%
Risk free interest rate	2.5 %
Cost of equity	**11.6 %**
Weighted average cost of capital (WACC)	**10.9 %**

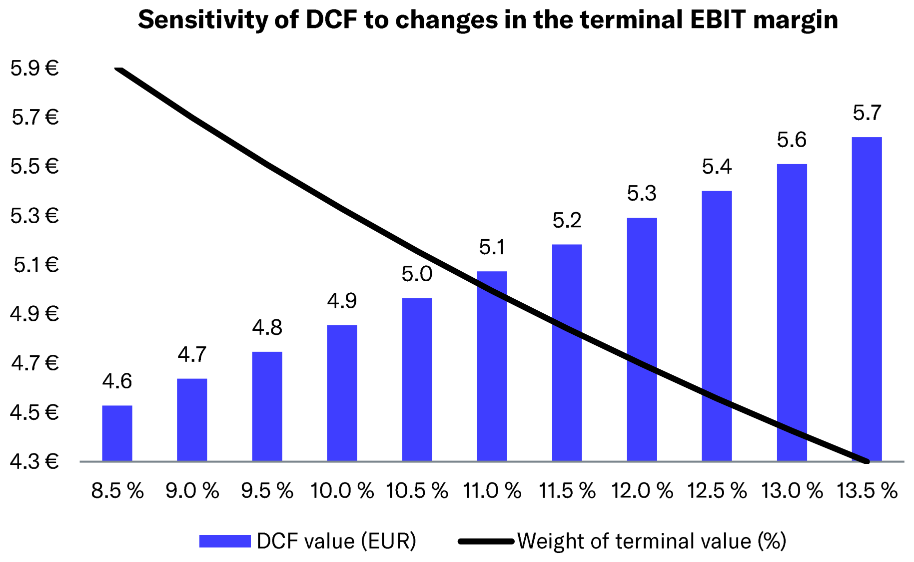
Source: Inderes

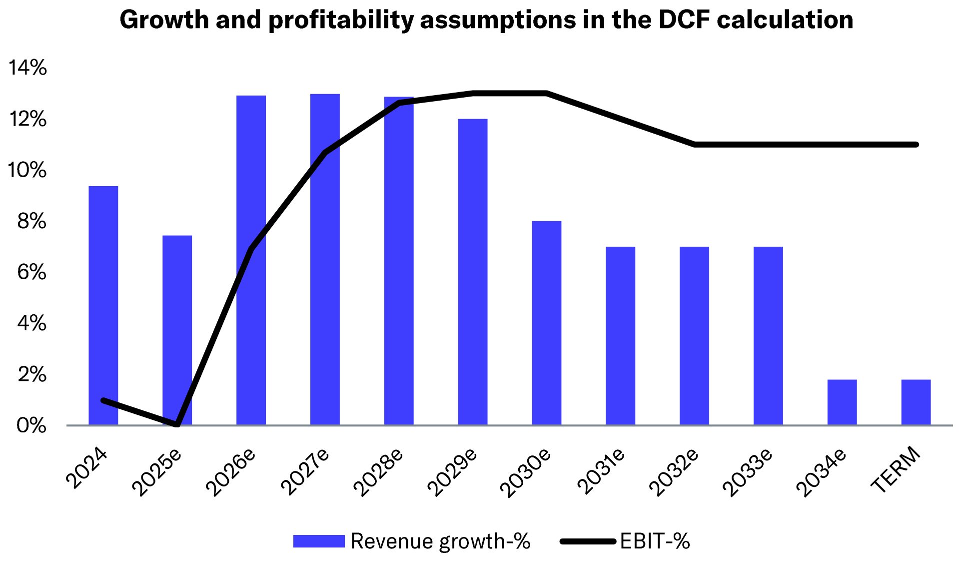


DCF sensitivity calculations and key assumptions in graphs









Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2022	2023	2024	2025e	2026e
Revenue	25.5	24.9	27.3	**29.3**	**33.1**
EBITDA	-1.7	-0.6	0.6	**0.4**	**2.6**
EBIT	-2.6	-0.8	0.3	**0.0**	**2.3**
PTP	-3.0	-0.7	0.6	**0.1**	**2.4**
Net Income	-3.0	-0.7	0.6	**0.1**	**2.4**
Extraordinary items	-1.3	-0.8	-0.5	**-1.1**	**-0.2**

Balance sheet	2022	2023	2024	2025e	2026e
Balance sheet total	27.9	23.4	24.3	**24.3**	**26.3**
Equity capital	15.4	14.7	14.9	**14.0**	**15.7**
Goodwill	0.0	0.0	0.0	**0.0**	**0.0**
Net debt	-15.6	-12.2	-12.2	**-11.4**	**-13.0**

Cash flow	2022	2023	2024	2025e	2026e
EBITDA	-1.7	-0.6	0.6	**0.4**	**2.6**
Change in working capital	1.0	-2.1	0.0	**0.0**	**0.0**
Operating cash flow	-0.7	-2.7	0.7	**0.4**	**2.5**
CAPEX	-1.7	-0.8	-0.6	**-0.3**	**-0.4**
Free cash flow	-2.4	-3.5	0.1	**0.1**	**2.1**

Valuation multiples	2022	2023	2024	2025e	2026e
EV/S	1.1	0.9	1.2	**0.9**	**0.8**
EV/EBITDA	neg.	neg.	51.9	**67.3**	**10.0**
EV/EBIT (adj.)	neg.	neg.	42.2	**25.9**	**10.4**
P/E (adj.)	neg.	>100	43.2	**32.7**	**14.9**
P/B	2.9	2.3	3.1	**2.8**	**2.5**
Dividend-%	0.0 %	0.0 %	2.2 %	**1.7 %**	**2.6 %**

Source: Inderes

Per share data	2022	2023	2024	2025e	2026e
EPS (reported)	-0.27	-0.06	0.05	**0.01**	**0.21**
EPS (adj.)	-0.15	0.01	0.09	**0.11**	**0.23**
OCF / share	-0.07	-0.24	0.06	**0.04**	**0.22**
OFCF / share	-0.22	-0.31	0.01	**0.01**	**0.19**
Book value / share	1.38	1.31	1.32	**1.24**	**1.39**
Dividend / share	0.00	0.00	0.09	**0.06**	**0.09**

Growth and profitability	2022	2023	2024	2025e	2026e
Revenue growth-%	14%	-2%	9%	**7%**	**13%**
EBITDA growth-%	79%	-62%	-198%	**-36%**	**533%**
EBIT (adj.) growth-%	50%	-97%	-2063%	**35%**	**135%**
EPS (adj.) growth-%	-41%	-105%	1057%	**13%**	**119%**
EBITDA-%	-6.7 %	-2.6 %	2.3 %	**1.4 %**	**7.8 %**
EBIT (adj.)-%	-5.0 %	-0.2 %	2.9 %	**3.6 %**	**7.5 %**
EBIT-%	-10.2 %	-3.4 %	1.0 %	**0.0 %**	**6.9 %**
ROE-%	-17.8 %	-4.6 %	4.0 %	**0.9 %**	**16.2 %**
ROI-%	-13.8 %	-5.0 %	3.3 %	**1.7 %**	**15.7 %**
Equity ratio	55.4 %	70.8 %	61.0 %	**57.4 %**	**59.7 %**
Gearing	-101.2 %	-83.1 %	-82.2 %	**-81.6 %**	**-82.6 %**

The market value and enterprise value in the table take into account the projected change in the number of shares and net debt for the forecast years. Key figures per share have been calculated using the number of shares at the end of the year.

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Inderes' recommendation policy is based on the following distribution relative to the 12-month risk-adjusted expected total shareholder return.

Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

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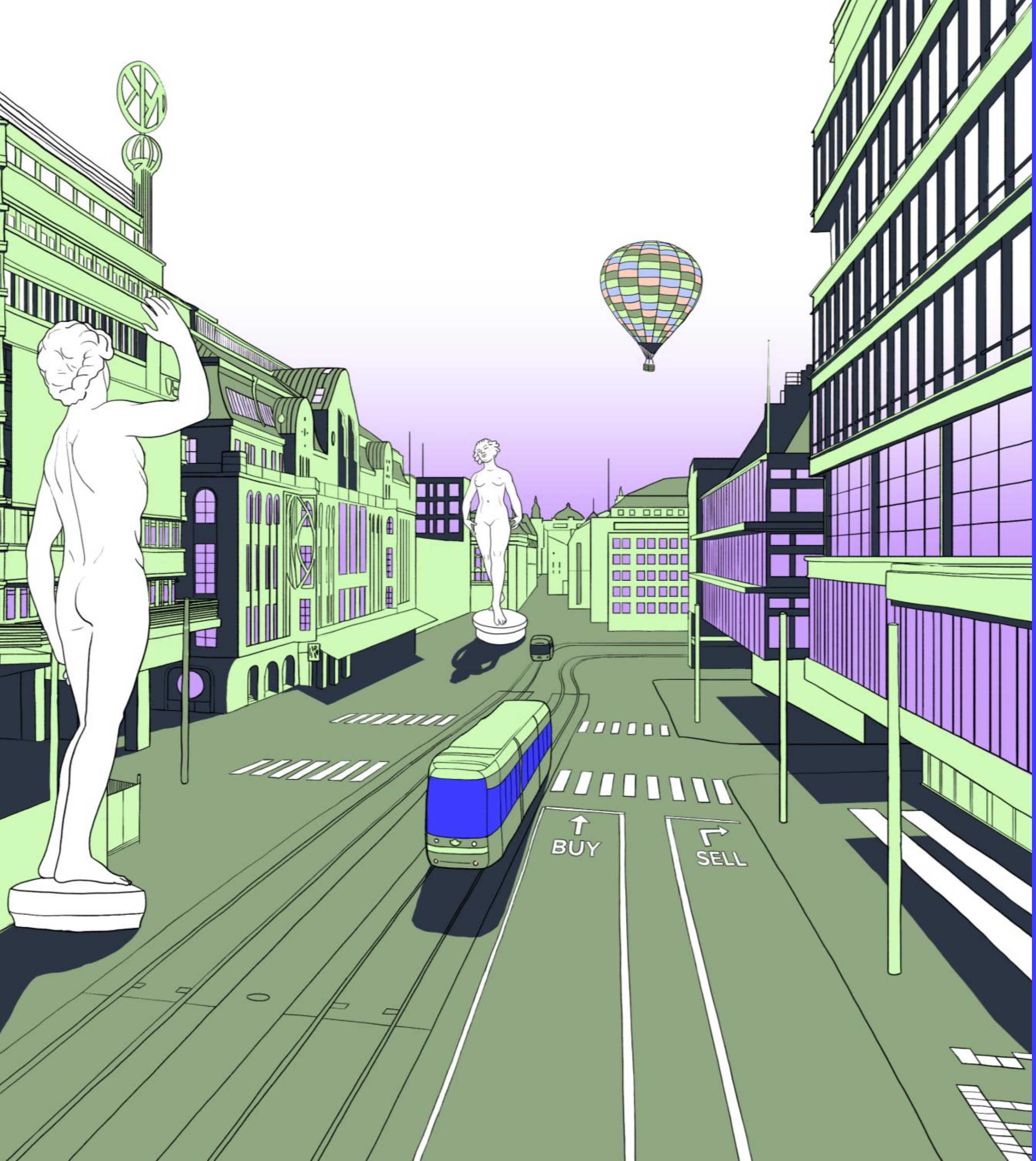
Inderes has made an agreement with the issuer and target of this report, which entails compiling a research report.

Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
5/14/2022	Accumulate	4.50 €	3.85 €
8/19/2022	Accumulate	4.50 €	4.03 €
11/4/2022	Buy	4.50 €	2.95 €
3/1/2023	Buy	5.50 €	4.26 €
8/18/2023	Accumulate	5.50 €	4.75 €
8/24/2023	Accumulate	5.00 €	4.35 €
11/27/2023	Accumulate	3.80 €	3.20 €
2/29/2024	Reduce	3.40 €	3.16 €
4/11/2024	Accumulate	3.40 €	2.85 €
5/6/2024	Accumulate	4.00 €	3.45 €
8/26/2024	Accumulate	4.70 €	4.16 €
11/4/2024	Accumulate	4.70 €	3.98 €
2/6/2025	Accumulate	4.70 €	4.02 €
2/20/2025	Accumulate	4.70 €	4.14 €
4/28/2025	Accumulate	4.10 €	3.44 €



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Inderes was created by investors, for investors.

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